

OSKALOOSA COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

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**Oskaloosa Community School District
Board of Education and School District Officials
Year ended June 30, 2013**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2012 Election)		
Susan Boxler	President	2013
Laurie Fiscella	Vice President	2015
Anne Whitis	Board Member	2013
Lin Yoder	Board Member	2013
Charlie Comfort	Board Member	2015
Tom Richardson	Board Member	2015
Nik Rule	Board Member	2015
(After September 2012 Election)		
Susan Boxler	President	2013
Laurie Fiscella	Vice President	Resigned June 2013
Tom Richardson	Vice President	2015
Anne Whitis	Board Member	2013
Lin Yoder	Board Member	2013
Charlie Comfort	Board Member	2015
Nik Rule	Board Member	2015
David Meinert	Board Member	Appointed June, 2013
School District Officials		
Russell Reiter	Superintendent	2013
Chad Vink	District Secretary/Treasurer	2013
Greg Life	Attorney	Indefinite
James Hanks	Attorney	Indefinite



Independent Auditor's Report

To the Board of Education
Oskaloosa Community School District
Oskaloosa, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District at June 30, 2013, and the respective changes in financial position and where applicable cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 13 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oskaloosa Community School District's basic financial statements. Another auditor previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2005, and we audited the financial statements for the seven years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 3, 2014, on our consideration of the Oskaloosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oskaloosa Community School District's internal control over financial reporting and compliance.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

January 3, 2014

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. This analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years.

FINANCIAL HIGHLIGHTS

The District has now fully completed all of the major construction, renovation, and repair projects planned for the period from 2000-2007. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. Bonds associated with the School Infrastructure Local Option Sales Tax were refinanced in 2008 and retired in 2012. The bonds associated with the Local Option Sales and Services Tax for the City of Oskaloosa and Mahaska County were refinanced in 2011 and, as provided by an agreement among the parties, are scheduled to mature in 2017. The facts of the District's long-term debt are detailed in the Notes to Financial Statements. Revenues in excess of the projected requirements and the statutory change from School Infrastructure Local Option Sales Taxes to a statewide Secure an Advance Vision for Education Fund sales tax have made repayments on all bonds predictable.

General Fund revenues decreased from \$24,332,936 in fiscal year 2012 to \$23,363,417 in 2013, while General Fund expenditures also decreased from \$23,391,029 in 2012 to \$23,284,213 in fiscal year 2013. This resulted in an increase in the District's General Fund fund balance from \$1,672,450 in fiscal year 2012 to \$1,755,685 in 2013, an increase of \$83,235.

The slight decrease in revenues occurred due to decreasing enrollment that is the basis of State Aid receipts. The decrease in expenditures was attributable to expenditure-reducing measures and personnel adjustments, as well as energy savings from facility projects completed over the last several years.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2009 – \$117,793; 2010 – \$63,379; 2011 – \$13,327; 2012 – \$14,213; and 2013 – \$9,196.

OVERVIEW OF FINANCIAL STATEMENTS

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as Food Service.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual financial report are arranged and relate to one another.

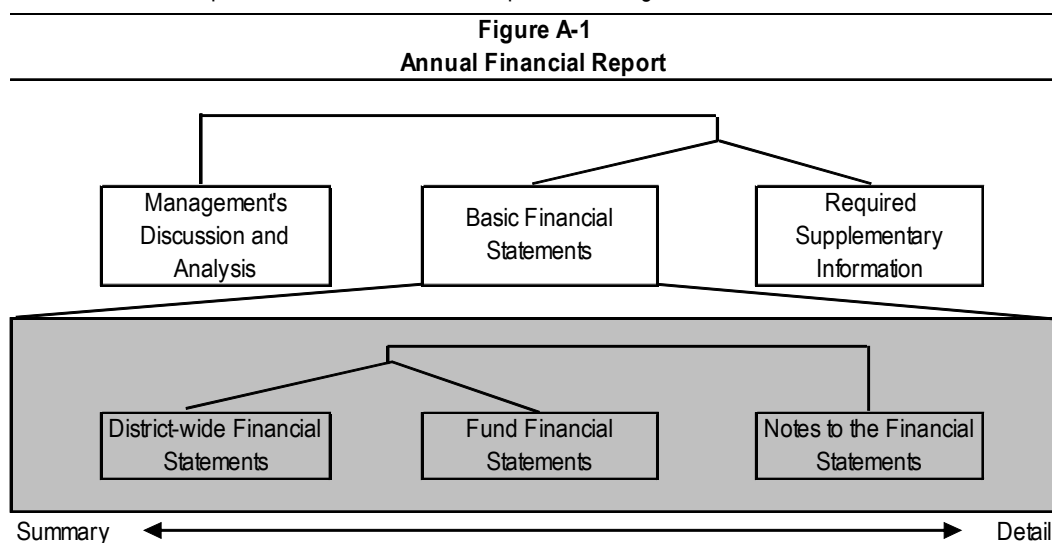


Figure A-2 summarizes the major features of the District-wide and Fund Financial Statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the District-wide and Fund Financial Statements				
	District-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as the special education and building maintenance	Activities the district operates similar to private businesses: food services and student construction	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year; or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State Aid finance most of these activities.

Business-type Activities: The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

Governmental Funds. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

Proprietary Funds. Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the government-wide statements.

The Nutrition Fund and Student Construction Fund are the only proprietary funds that the District maintains.

Fiduciary Funds. The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

While the District does not currently hold any fiduciary funds, it is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Comparative condensed financial statements are presented in Figure A-3.

<p align="center">Figure A-3 Condensed Statement of Net Position (Expressed in Thousands)</p>							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Current and other assets	\$ 17,634	16,158	30	139	17,664	16,297	8.4%
Capital assets	28,217	29,463	146	129	28,363	29,592	-4.2%
Total assets	45,851	45,621	176	268	46,027	45,889	0.3%
Long-term liabilities	4,948	6,554	23	17	4,971	6,571	-24.3%
Other liabilities	12,625	11,872	255	220	12,880	12,092	6.5%
Total liabilities	17,573	18,426	278	237	17,851	18,663	-4.4%
Net position:							
Invested in capital assets, net of related debt	23,741	23,356	146	129	23,887	23,485	1.7%
Restricted	3,609	2,939	-	-	3,609	2,939	22.8%
Unrestricted	928	900	(248)	(98)	680	802	-15.2%
Total net position	\$ 28,278	27,195	(102)	31	28,176	27,226	3.5%

**Oskaloosa Community School District
Management's Discussion and Analysis
Year ended June 30, 2013**

Figure A-4 shows the change in net assets for the year ended June 30, 2013.

Figure A-4 Changes in Net Position (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	Year ended June 30,		Year ended June 30,		Year ended June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-2013
Revenues:							
Program revenues:							
Charges for service	\$ 1,078	1,088	617	549	1,695	1,637	3.5%
Operating grants, contributions and restricted interest	4,002	4,292	694	622	4,696	4,914	-4.4%
General revenues:							
Property tax	9,080	9,165	-	-	9,080	9,165	-0.9%
Statewide sales, services and use tax	2,153	2,259	-	-	2,153	2,259	-4.7%
Unrestricted state grants	10,867	10,956	-	-	10,867	10,956	-0.8%
Unrestricted investment earnings	17	25	-	-	17	25	-32.0%
Other	326	455	-	-	326	455	-28.4%
Total revenues	27,523	28,240	1,311	1,171	28,834	29,411	-2.0%
Program expenses:							
Governmental activities:							
Instruction	15,800	17,137	191	192	15,991	17,329	-7.7%
Support services	8,007	7,916	4	29	8,011	7,945	0.8%
Non-instructional programs	2	-	1,249	1,097	1,251	1,097	14.0%
Other expenses	2,631	2,438	-	-	2,631	2,438	7.9%
Total expenses	26,440	27,491	1,444	1,318	27,884	28,809	-3.2%
Change in net position	\$ 1,083	749	(133)	(147)	950	602	57.8%

Governmental Activities

The revenues and other financing sources for governmental activities were \$27,523,587 and expenses were \$26,439,897.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)						
	Total Cost of Services		Change	Net Cost of Services		Change
	2013	2012	2012-2013	2013	2012	2012-2013
Instruction	\$ 15,800	17,137	-7.8%	11,672	12,681	-8.0%
Support services	8,007	7,916	1.1%	7,963	7,884	1.0%
Non-instructional	2	-	-	2	-	-
Other expenses	2,631	2,438	7.9%	1,723	1,545	11.5%
Totals	\$ 26,440	27,491	-3.8%	21,360	22,110	-3.4%

- Federal and state governments subsidized certain programs with grants and contributions totaling \$4,001,864.
- The net cost of governmental activities was financed with \$9,079,929 in local property tax, \$2,152,820 in statewide sales, services, and use taxes, \$10,867,539 in unrestricted state grants, and \$16,699 on investment earnings.
- The revenues for the District's governmental activities decreased due to lower State Aid and property tax levy receipts as a result of declining enrollment. Expense reductions have followed to compensate for the revenue loss. The financial strength of the District is improving and stable, with budget-balancing actions causing a 7.4% General Fund solvency ratio.

Business Type Activities

Revenues of the District's business type activities were \$1,311,233 and expenses were \$1,444,503. Revenues included \$616,628 in charges for services, \$694,497 in state and federal grants, and \$108 in interest on investments. The Nutrition Fund comprises the primary business-type activity for the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances increased a total of \$711,545 over the previous fiscal year. The individual fund balance changes were as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 1,672,450	83,235	1,755,685
Capital Projects	2,178,570	306,916	2,485,486
Non-major Funds	492,215	321,394	813,609

The total receipts for governmental funds were greater than disbursements due to reduced personnel costs and lower bond payments. Budgeted revenues were both less and more than actual revenues due to uncertainty of funding at the State level during the fiscal year, as well as the use of Federal sources to compensate for the loss of State sources, which was not anticipated at the time of budget certification. Actual expenditures did not exceed budgetary amounts during the fiscal year.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the Certified Budget. It may be amended during the year using similar statutorily prescribed procedures. During the 2013 fiscal year, the District amended expenditures in the Non-instructional Programs category.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the 2013 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment, and transportation equipment.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

Figure A-6								
Capital Assets, net of Depreciation								
(Expressed in Thousands)								
	Governmental Activities		Business type Activities		Total District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2013	2012	2013	2012	2013	2012	2012-2013	
Land	\$ 65	65	-	-	65	65	0.0%	
Buildings	26,246	27,290	-	-	26,246	27,290	-3.8%	
Improvements other than buildings	1,017	1,162	-	-	1,017	1,162	-12.5%	
Furniture and equipment	889	946	146	129	1,035	1,075	-3.7%	
Totals	\$ 28,217	29,463	146	129	28,363	29,592	-4.2%	

Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$4,947,784 for the District as of June 30, 2013.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

Figure A-7 Outstanding Long-Term Obligations (Expressed in Thousands)			
	Total District		Total Change
	June 30,		June 30,
	2013	2012	2012-2013
Revenue bonds payable	\$ 3,465	4,460	-22.3%
Unamortized bond premium	17	21	0.0%
Capital notes payable	340	670	-49.3%
Lease purchase agreement	671	977	-31.3%
Early retirement	143	193	-25.9%
Compensated absences	50	37	35.1%
Other post employment benefits	262	196	33.7%
Totals	\$ 4,948	6,554	-24.5%

FACTORS BEARING ON THE DISTRICT'S FUTURE

A substantial part of the General Fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's Certified Enrollment to establish the Combined District Cost. The Certified Enrollment determined in October of 2013 indicated that funding related to enrollment would increase slightly. The District's Administration will continue to monitor student enrollment as it relates to the state and federal funding generated.

A substantial part of General Fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, the Board of Directors will be forced to reduce the expenditure budget with cuts in staff.

CONTACTS

For information regarding this report, contact Chad M. Vink, Board Secretary, Oskaloosa Community School District, 1800 North 3rd Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

Basic Financial Statements

Oskaloosa Community School District
Statement of Net Position
June 30, 2013

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,910,808	16,868	6,927,676
Receivables:			
Property tax:			
Delinquent	78,901	-	78,901
Succeeding year	8,943,413	-	8,943,413
Income surtax	112,715	-	112,715
Due from other funds	135,294	-	135,294
Due from other governments	1,453,179	-	1,453,179
Inventories	-	13,198	13,198
Capital assets, net of accumulated depreciation	28,216,545	145,751	28,362,296
Total assets	45,850,855	175,817	46,026,672
Liabilities			
Accounts payable	989,667	39,474	1,029,141
Salaries and benefits payable	2,519,630	80,640	2,600,270
Due to other funds	-	135,294	135,294
Accrued interest payable	45,359	-	45,359
Deferred revenue:			
Succeeding year property tax	8,943,413	-	8,943,413
Income surtax	112,715	-	112,715
Other	14,105	-	14,105
Long-term liabilities:			
Portion due within one year:			
Obligations under capital lease	359,639	-	359,639
Revenue bonds	1,020,000	-	1,020,000
Capital loan notes	340,000	-	340,000
Early retirement	63,592	-	63,592
Compensated absences	49,517	-	49,517
Portion due after one year:			
Obligations under capital lease	311,384	-	311,384
Revenue bonds	2,445,000	-	2,445,000
Bond premium liability, net of accumulated amortization	16,572	-	16,572
Early retirement	79,757	-	79,757
Net OPEB liability	262,323	23,117	285,440
Total liabilities	17,572,673	278,525	17,851,198
Net Position			
Net investment in capital assets	23,740,522	145,751	23,886,273
Restricted for:			
Categorical funding	309,971	-	309,971
Debt service	524,000	-	524,000
Management levy purposes	438,167	-	438,167
Student activities	375,442	-	375,442
School infrastructure	1,899,798	-	1,899,798
Physical plant and equipment	61,688	-	61,688
Unrestricted	928,594	(248,459)	680,135
Total net position	\$ 28,278,182	(102,708)	28,175,474

See notes to financial statements.

Oskaloosa Community School District
Statement of Activities
Year ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					Total
	Program Revenues			Governmental Activities	Business type Activities	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest			
Governmental activities:						
Instruction:						
Regular	\$	9,360,864	466,985	1,657,538	(7,236,341)	(7,236,341)
Special		3,274,132	83,066	1,219,801	(1,971,265)	(1,971,265)
Other		3,164,858	528,363	172,404	(2,464,091)	(2,464,091)
		15,799,854	1,078,414	3,049,743	(11,671,697)	(11,671,697)
Support Services:						
Student		894,732	-	-	(894,732)	(894,732)
Instructional staff		1,168,896	-	-	(1,168,896)	(1,168,896)
Administration		2,104,276	-	-	(2,104,276)	(2,104,276)
Operation and maintenance of plant		2,715,024	-	10,222	(2,704,802)	(2,704,802)
Transportation		1,124,205	-	34,099	(1,090,106)	(1,090,106)
		8,007,133	-	44,321	(7,962,812)	(7,962,812)
Non-instructional programs		1,600	-	-	(1,600)	(1,600)
Other expenditures:						
Facilities acquisition		420,558	-	-	(420,558)	(420,558)
Long-term debt interest		113,549	-	-	(113,549)	(113,549)
AEA flowthrough		907,800	-	907,800	-	-
Depreciation (unallocated)*		1,189,403	-	-	(1,189,403)	(1,189,403)
		2,631,310	-	907,800	(1,723,510)	(1,723,510)
Total governmental activities		26,439,897	1,078,414	4,001,864	(21,359,619)	(21,359,619)
Business type activities:						
Instructional programs:						
Student construction operations		190,930	165,000	-	(25,930)	(25,930)
Support services:						
Student construction operations		4,560	-	-	(4,560)	(4,560)
Non-instructional programs:						
Food service operations		1,249,013	451,628	694,497	(102,888)	(102,888)
Total business type activities		1,444,503	616,628	694,497	(133,378)	(133,378)
Total primary government	\$	27,884,400	1,695,042	4,696,361	(21,359,619)	(21,492,997)

Oskaloosa Community School District
Statement of Activities
Year ended June 30, 2013

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Operating Grants, Contributions and				
	Expenses	Charges for Service	Restricted Interest	Governmental Activities	Business type Activities	Total
General Revenues:						
Property tax levied for:						
General purposes				8,513,305	-	8,513,305
Capital outlay				566,624	-	566,624
Statewide sales, services and use tax				2,152,820	-	2,152,820
Unrestricted state grants				10,867,539	-	10,867,539
Unrestricted investment earnings				16,699	108	16,807
Other				280,344	-	280,344
Contributions not restricted to specific programs				21,947	-	21,947
Gain on sale of assets				24,031	-	24,031
Total general revenues				22,443,309	108	22,443,417
Change in net position				1,083,690	(133,270)	950,420
Net position beginning of year, as restated				27,194,492	30,562	27,225,054
Net position end of year				\$ 28,278,182	(102,708)	28,175,474

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Oskaloosa Community School District
Balance Sheet
Governmental Funds
June 30, 2013

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Assets					
Cash and pooled investments:					
Other	\$ 3,671,884	2,398,674	-	840,250	6,910,808
Receivables:					
Property tax:					
Delinquent	66,254	4,987	-	7,660	78,901
Succeeding year	7,555,954	587,460	-	799,999	8,943,413
Income surtax	112,715	-	-	-	112,715
Due from other funds	321,859	-	-	18,787	340,646
Due from other governments	774,775	678,404	-	-	1,453,179
Total assets	\$ 12,503,441	3,669,525	-	1,666,696	17,839,662
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 526,565	439,694	-	23,408	989,667
Salaries and benefits payable	2,519,630	-	-	-	2,519,630
Due to other funds	18,787	156,885	-	29,680	205,352
Deferred revenue:					
Succeeding year property tax	7,555,954	587,460	-	799,999	8,943,413
Income surtax	112,715	-	-	-	112,715
Other	14,105	-	-	-	14,105
Total liabilities	10,747,756	1,184,039	-	853,087	12,784,882
Fund balances:					
Restricted for:					
Categorical funding	309,971	-	-	-	309,971
Debt service	-	524,000	-	-	524,000
Management levy purposes	-	-	-	438,167	438,167
Student activities	-	-	-	375,442	375,442
School infrastructure	-	1,899,798	-	-	1,899,798
Physical plant and equipment	-	61,688	-	-	61,688
Unassigned	1,445,714	-	-	-	1,445,714
Total fund balances	1,755,685	2,485,486	-	813,609	5,054,780
Total liabilities and fund balances	\$ 12,503,441	3,669,525	-	1,666,696	17,839,662

See notes to financial statements.

Exhibit D

**Oskaloosa Community School District
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2013**

Total fund balances of governmental funds (Exhibit C)	\$ 5,054,780
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***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

Land	\$ 64,566	
Buildings	44,037,207	
Improvements	2,893,317	
Vehicles, furniture and equipment	6,842,623	
Accumulated depreciation	<u>(25,621,168)</u>	28,216,545

Long-term liabilities, including bonds payable, unamortized bond premiums, lease obligations, capital loan notes, early retirement and compensated absences, and other post employment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Sales tax revenue bonds	(3,465,000)	
Capital loan notes	(340,000)	
Accrued interest payable	(45,359)	
Bond premiums, net of accumulated amortization	(16,572)	
Obligations under capital lease	(671,023)	
Special termination benefits	(143,349)	
Compensated absences	(49,517)	
Other postemployment benefits	<u>(262,323)</u>	(4,993,143)

Net position of governmental activities (Exhibit A)	\$ <u>28,278,182</u>
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See notes to financial statements.

Exhibit E

Oskaloosa Community School District
Statement of Revenues, Expenditures and changes in Fund Balances
Governmental Funds
Year ended June 30, 2013

	General	Capital Projects	Debt Service	Non-major Governmental	Total
Revenues:					
Local sources:					
Local tax	\$ 7,642,865	2,719,444	-	870,440	11,232,749
Tuition	403,849	-	-	-	403,849
Other	453,322	6,476	-	528,755	988,553
State sources	13,917,921	316	-	486	13,918,723
Federal sources	945,460	10,222	-	-	955,682
Total revenues	23,363,417	2,736,458	-	1,399,681	27,499,556
Expenditures:					
Current:					
Instruction:					
Regular	9,141,525	-	-	171,188	9,312,713
Special	3,260,109	-	-	-	3,260,109
Other	2,573,173	-	-	591,685	3,164,858
	14,974,807	-	-	762,873	15,737,680
Support services:					
Student	887,575	-	-	6,137	893,712
Instructional staff	1,056,906	103,738	-	4,173	1,164,817
Administration	2,060,997	3,350	-	18,887	2,083,234
Operation and maintenance of plant	2,435,299	-	-	252,181	2,687,480
Transportation	959,229	165,116	-	29,710	1,154,055
	7,400,006	272,204	-	311,088	7,983,298
Non-instructional programs	1,600	-	-	-	1,600
Other expenditures:					
Facilities acquisition	-	420,558	-	-	420,558
Long-term debt:					
Principal	-	-	1,631,068	-	1,631,068
Interest and fiscal charges	-	-	130,038	-	130,038
AEA flowthrough	907,800	-	-	-	907,800
	907,800	420,558	1,761,106	-	3,089,464
Total expenditures	23,284,213	692,762	1,761,106	1,073,961	26,812,042
Excess (deficiency) of revenues over (under) expenditures	79,204	2,043,696	(1,761,106)	325,720	687,514
Other financing sources (uses):					
Sale of equipment and real property	4,031	20,000	-	-	24,031
Operating transfers in	-	4,326	1,761,106	-	1,765,432
Operating transfers out	-	(1,761,106)	-	(4,326)	(1,765,432)
Total other financing sources (uses)	4,031	(1,736,780)	1,761,106	(4,326)	24,031
Net change in fund balances	83,235	306,916	-	321,394	711,545
Fund balances beginning of year	1,672,450	2,178,570	-	492,215	4,343,235
Fund balances end of year	\$ 1,755,685	2,485,486	-	813,609	5,054,780

See notes to financial statements.

Oskaloosa Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the Statement of Activities
Year ended June 30, 2013

Net change in fund balances - total governmental funds (Exhibit E) **\$ 711,545**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 167,686	
Depreciation expense	<u>(1,413,665)</u>	(1,245,979)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bond principal repaid	995,000	
Amortization of bond premium	4,625	
Capital loan principal repaid	330,000	
Capital lease payments	<u>306,068</u>	1,635,693

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

11,864

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	49,547	
Compensated absences	(12,436)	
Other postemployment benefits	(66,544)	
		<u>(29,433)</u>

Change in Net Position of governmental activities (Exhibit B) **\$ 1,083,690**

See notes to financial statements.

Exhibit G

**Oskaloosa Community School District
Statement of Net Position
Proprietary Funds
June 30, 2013**

	Non-major Enterprise
Assets	
Current assets:	
Cash and cash equivalents	\$ 16,868
Inventories	13,198
Capital assets, net of accumulated depreciation	145,751
Total assets	175,817
Liabilities	
Current liabilities:	
Accounts payable	39,474
Salaries and benefits payable	80,640
Due to other funds	135,294
Total current liabilities	255,408
Noncurrent liabilities:	
Net OPEB liability	23,117
Total liabilities	278,525
Net Position	
Invested in capital assets, net of related debt	145,751
Unrestricted	(248,459)
Total net position	\$ (102,708)

See notes to financial statements.

Exhibit H

Oskaloosa Community School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended June 30, 2013

	Non-major Enterprise
Operating revenue:	
Local sources:	
Charges for services	\$ 616,628
Operating expenses:	
Instructional programs:	
Regular	190,930
Support services:	
Administration	667
Operation and maintenance of plant	3,893
	195,490
Non-instructional programs:	
Food service operations:	
Salaries	344,028
Benefits	153,902
Purchased services	971
Supplies	723,046
Depreciation	27,066
	1,249,013
Total operating expenses	1,444,503
Operating loss	(827,875)
Non-operating revenue:	
Local sources	108
State sources	10,125
Federal sources	684,372
Total non-operating revenue	694,605
Change in net position	(133,270)
Net position beginning of year, as restated	30,562
Net position end of year	\$ (102,708)

See notes to financial statements.

Exhibit I

**Oskaloosa Community School District
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013**

	Non-major Enterprise
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 446,135
Cash received from miscellaneous operating activities	165,000
Cash payments to employees for services	(476,735)
Cash payments to suppliers for goods or services	(835,486)
Net cash used by operating activities	<u>(701,086)</u>
Cash flows from non-capital financing activities:	
State grants received	10,125
Federal grants received	615,097
Net cash provided by non-capital financing activities	<u>625,222</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(43,712)</u>
Cash flows from investing activities:	
Interfund loan	60,754
Interest on investments	108
Net cash provided by investing activities	<u>60,862</u>
Net decrease in cash and cash equivalents	(58,714)
Cash and cash equivalents at beginning of year	<u>75,582</u>
Cash and cash equivalents at end of year	<u><u>\$ 16,868</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (827,875)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	69,275
Depreciation	27,066
(Increase) in inventories	(1,949)
Decrease in accounts receivable	152
Increase in accounts payable	16,695
Increase in salaries and benefits payable	15,331
(Decrease) in deferred revenue	(5,645)
Increase in other post employment benefits payable	5,864
Net cash used by operating activities	<u><u>\$ (701,086)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 16,868
Cash and cash equivalents at year end	<u><u>\$ 16,868</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$69,275 of federal commodities.

See notes to financial statements.

Exhibit J

**Oskaloosa Community School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013**

	Private Purpose Trust
	Athletic Endowment
Assets	
Cash and investments	\$ 1,822
Total assets	1,822
Net position	\$ 1,822

See notes to financial statements.

Exhibit K

Oskaloosa Community School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2013

	Private Purpose Trust Athletic Endowment
Additions:	
Local sources:	
Interest on investments	\$ 2
Deductions:	
Instruction:	
Regular	60
Change in net position	(58)
Net position beginning of year	1,880
Net position end of year	\$ 1,822

See notes to financial statements.

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-kindergarten through twelve. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

Related Organization - The Edna Lee Pickett Memorial Trust was created to enhance the musical education opportunities of eligible students in the District. The District does appoint trustees but is not financially accountable nor does it impose will or have a financial benefit or burden relationship, therefore the Trust is not considered to be a component unit of the District.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position (previously referred to net assets) and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

Fund Accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

Debt Service Fund: The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Student Construction Fund: This fund accounts for student construction projects.

Fiduciary Fund Types: Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

Private Purpose Trust Fund: This fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted Net Position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	5,000
Improvements other than buildings	5,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	45 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of the succeeding year's property tax receivable, unspent grant proceeds and income surtax receivable.

Deferred revenue on the Statement of Net Position consists of unspent grant proceeds, income surtax receivable and the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in other spendable classifications.

Restricted Net Position - In the government-wide Statement of Net Position, Net Position are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2013, the District had investments as follows:

	Amortized Cost
Goldman Sachs Financial Square Treasury Obligations Fund	\$ 4,902
ISJIT Diversified Fund	1,057,817
United States Treasury Notes	117,600
Total	<u>\$ 1,180,319</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk: The investments in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the United States Treasury Notes is not subject to credit risk rating.

(3) **Interfund Receivables/Payables**

The amounts of interfund receivables and payables are as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue, Activity	29,680
General	Capital Projects, PPEL	156,885
General	Enterprise, Student Construction	135,294
Special Revenue, Activity	General	18,787
		<u>\$ 340,646</u>

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	\$ 1,384,000
Debt Service	Capital Projects, Physical Plant and Equipment Levy	377,106
Capital Projects, Physical Plant and Equipment Levy	Special Revenue, Activity Fund	4,326
		<u>\$ 1,765,432</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year (Restated)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 64,566	-	-	64,566
Total capital assets not being depreciated	64,566	-	-	64,566
Capital assets being depreciated:				
Buildings	44,037,207	-	-	44,037,207
Improvements other than buildings	2,893,317	-	-	2,893,317
Furniture and equipment	6,794,706	167,686	119,769	6,842,623
Total capital assets being depreciated	53,725,230	167,686	119,769	53,773,147
Less accumulated depreciation for:				
Buildings	16,747,182	1,044,690	-	17,791,872
Improvements other than buildings	1,731,282	144,713	-	1,875,995
Furniture and equipment	5,848,808	224,262	119,769	5,953,301
Total accumulated depreciation	24,327,272	1,413,665	119,769	25,621,168
Total capital assets being depreciated, net	29,397,958	(1,245,979)	-	28,151,979
Governmental activities capital assets, net	\$ 29,462,524	(1,245,979)	-	28,216,545
Business type activities:				
Furniture and equipment	\$ 514,134	43,712	-	557,846
Less accumulated depreciation	385,029	27,066	-	412,095
Business type activities capital assets, net	\$ 129,105	16,646	-	145,751

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 53,393
Special	-

Support services:

Administration	16,963
Operation and maintenance of plant	21,680
Transportation	132,226
	<u>224,262</u>

Unallocated depreciation

Total governmental activities depreciation expense	<u>\$ 1,413,665</u>
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Business type activities:

Food services	<u>\$ 27,066</u>
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(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 192,896	13,306	62,853	143,349	63,592
Lease purchase agreement	977,091	-	306,068	671,023	359,639
Compensated absences	37,081	49,517	37,081	49,517	49,517
Capital loan notes	670,000	-	330,000	340,000	340,000
Revenue bonds	4,460,000	-	995,000	3,465,000	1,020,000
Net OPEB liability	195,779	195,344	128,800	262,323	-
Total	\$ 6,532,847	258,167	1,859,802	4,931,212	1,832,748
Business type activities:					
Net OPEB liability	\$ 17,253	17,064	11,200	23,117	-

Capital Loan Notes

Details of the District's June 30, 2013 capital loan notes indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest
2014	3.25%	245,000	7,962
	Total	\$ 245,000	7,962

Year ending June 30,	Interest Rates	Principal	Interest
2014	1.75%	95,000	1,663
	Total	\$ 95,000	1,663

Total				
Year ending June 30,		Principal	Interest	Total
2014		340,000	9,625	349,625
	Total	\$ 340,000	9,625	349,625

Oskaloosa Community School District
Notes to Financial Statements
June 30, 2013

Revenue Bonds

Details of the District's June 30, 2013 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Issue Dated September 1, 2002 Series 2002A-422B				Issue Dated September 1, 2002 Subordinate Series 2002B-422B		
Year ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2014	4.200%	-	1,094	5.000	20,000	4,588
2015	4.250%	-	1,094	5.000	25,000	3,588
2016	4.375%	10,000	988	5.150	25,000	2,338
2017	4.500%	15,000	444	5.250	20,000	1,050
	Subtotal	25,000	3,620		90,000	11,564

Issue Dated February 1, 2011 Series 2011			
Year ending June 30,	Interest Rates	Principal	Interest
2014	2.000%	1,000,000	62,594
2015	2.000%	1,000,000	42,594
2016	2.000%	1,025,000	22,594
2017	2.000%	325,000	5,234
	Subtotal	3,350,000	133,016

Total			
Year Ending June 30,	Principal	Interest	Total
2014	1,020,000	68,276	1,088,276
2015	1,025,000	47,276	1,072,276
2016	1,060,000	25,920	1,085,920
2017	360,000	6,728	366,728
	<u>\$ 3,465,000</u>	<u>148,200</u>	<u>3,613,200</u>

Capital Lease

The District entered into various capital lease arrangements for the purchase of equipment for the District. The following is a schedule of the future minimum payments required under the leases together with their present value as of June 30, 2013:

Year Ending June 30,	Apple, Inc. Capital Lease	
	2012	Total
2014	350,000	350,000
2015	265,641	265,641
Total minimum lease payments	615,641	615,641
Less amount representing interest	18,260	18,260
Present value of minimum lease payments	\$ 597,381	597,381

Year Ending June 30,	Infomax Office Systems, Inc. Capital Lease	
	2012	Total
2014	23,255	23,255
2015	23,255	23,255
2016	23,255	23,255
2017	3,877	3,877
Total minimum lease payments	73,642	73,642
Less amount representing interest	-	-
Present value of minimum lease payments	\$ 73,642	73,642

Year Ending June 30,	Total Capital Lease	
	2012	Total
2014	373,255	373,255
2015	288,896	288,896
2016	23,255	23,255
2017	3,877	3,877
Total minimum lease payments	689,283	689,283
Less amount representing interest	18,260	18,260
Present value of minimum lease payments	\$ 671,023	671,023

Early Retirement Payable

The District offered a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must have been between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District plus one half of the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2013, totaled \$62,853.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$1,175,824, \$1,080,345, and \$921,786, respectively, equal to the required contributions for each year.

(8) Other Post-Employment Benefits (OPEB)

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 261 active and 23 retired members in the plan. Participants must be age 55 or older at retirement.

Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 211,000
Interest on net OPEB obligation	9,586
Adjustment to annual required contribution	(8,178)
Annual OPEB cost	212,408
Contributions made	(140,000)
Increase in net OPEB obligation	72,408
Net OPEB obligation beginning of year	213,032
Net OPEB obligation end of year	<u>\$ 285,440</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2013, the District contributed \$140,000.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 157,000	81.53%	\$ 58,000
June 30, 2011	212,000	53.77%	156,000
June 30, 2012	212,032	73.10%	213,032
June 30, 2013	212,408	65.91%	285,440

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2013, the actuarial accrued liability was \$1,563,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,563,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$13,750,842, and the ratio of the UAAL to covered payroll was 11.4%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 4.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

Projected claim costs of the medical plan are \$782 per month for retirees who have attained the age of 60. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$907,800 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Restatement

Beginning governmental net position was increased by \$158,828 due to a revaluation of capital assets. Beginning Nutrition Fund net position was decreased by \$43,712 due to a revaluation of capital assets. Beginning Student Construction Fund net position was increased by \$2,800 due to a recalculation of lot inventory.

(12) Financial Condition

The Enterprise Fund-Student Construction had a deficit net position at June 30, 2013 of \$171,697. In addition, the Special Revenue Fund-Activity Fund had several individual account deficit balances.

(13) Subsequent Events

The District is involved in an arbitration process with vendors regarding issues with work performed on the High School addition/renovation. The arbitration meeting was held in December of 2013 with the decision expected to be announced in January or February of 2014. One of the vendors has filed a counterclaim against the District.

Required Supplementary Information

Oskaloosa Community School District
Schedule of Funding Progress for the Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2008	\$ -	1,461,000	1,461,000	0.0%	\$ 13,791,666	10.6%
2010	July 1, 2008	-	1,461,000	1,461,000	0.0%	13,397,116	10.9%
2011	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,496,428	11.6%
2012	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,565,992	11.5%
2013	July 1, 2010	-	1,563,000	1,563,000	0.0%	13,750,842	11.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Oskaloosa Community School District
Budgetary Comparison Schedule of Revenues, Expenditures, and Changes in Balances
Budget and Actual - All Governmental Funds and Proprietary Funds
Required Supplementary Information
Year ended June 30, 2013

	Governmental Funds - Actual	Proprietary Funds - Actual	Total Actual	Budgeted Amounts		Final to Actual Variance- Positive (Negative)
				Original	Final	
Revenues:						
Local sources	\$ 12,625,151	616,736	13,241,887	13,250,049	13,250,049	(8,162)
State sources	13,918,723	10,125	13,928,848	14,082,118	14,082,118	(153,270)
Federal sources	955,682	684,372	1,640,054	1,447,910	1,447,910	192,144
Total revenues	27,499,556	1,311,233	28,810,789	28,780,077	28,780,077	30,712
Expenditures:						
Instruction	15,737,680	190,930	15,928,610	16,421,491	16,421,491	492,881
Support services	7,983,298	4,560	7,987,858	8,015,481	8,015,481	27,623
Non-instructional programs	1,600	1,249,013	1,250,613	1,107,580	1,279,482	28,869
Other expenditures	3,089,464	-	3,089,464	3,205,364	3,205,364	115,900
Total expenditures	26,812,042	1,444,503	28,256,545	28,749,916	28,921,818	665,273
Excess (deficiency) of revenues over (under) expenditures	687,514	(133,270)	554,244	30,161	(141,741)	695,985
Other financing sources, net	24,031	-	24,031	3,550	3,550	20,481
Excess (deficiency) of revenues and other financing sources over (under) expenditures	711,545	(133,270)	578,275	33,711	(138,191)	716,466
Balances beginning of year, as restated	4,343,235	30,562	4,373,797	3,512,809	3,512,809	860,988
Balances end of year	\$ 5,054,780	(102,708)	4,952,072	3,546,520	3,374,618	1,577,454

See accompanying independent auditor's report.

Oskaloosa Community School District
Notes To Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standard* Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$171,902.

During the year ended June 30, 2013, expenditures did not exceed the amounts budgeted.

Supplementary Information

Schedule 1

Oskaloosa Community School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

		Special Revenue		
		Management Levy	Student Activity	Total
Assets				
Cash and pooled investments	\$	442,093	398,157	840,250
Receivables:				
Property tax:				
Delinquent		7,660	-	7,660
Succeeding year		799,999	-	799,999
Due from other funds		-	18,787	18,787
Total assets	\$	1,249,752	416,944	1,666,696
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$	11,586	11,822	23,408
Due to other funds		-	29,680	29,680
Deferred revenue:				
Succeeding year property tax		799,999	-	799,999
Total liabilities		811,585	41,502	853,087
Fund balances:				
Restricted for:				
Management levy purposes		438,167	-	438,167
Student activities		-	375,442	375,442
Total fund balances		438,167	375,442	813,609
Total liabilities and fund balances	\$	1,249,752	416,944	1,666,696

See accompanying independent auditor's report.

Schedule 2

Oskaloosa Community School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2013

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 870,440	-	870,440
Other	9,203	519,552	528,755
State sources	486	-	486
Total revenues	880,129	519,552	1,399,681
Expenditures:			
Current:			
Instruction:			
Regular	171,188	-	171,188
Other	-	591,685	591,685
Support Services:			
Student	6,137	-	6,137
Instructional staff	4,173	-	4,173
Administration	18,887	-	18,887
Operation and maintenance of plant	252,181	-	252,181
Transportation	29,710	-	29,710
Total expenditures	482,276	591,685	1,073,961
Excess (deficiency) of revenues over (under) expenditures	397,853	(72,133)	325,720
Other financing sources (uses):			
Operating transfers out	-	(4,326)	(4,326)
Net change in fund balances	397,853	(76,459)	321,394
Fund balance beginning of year	40,314	451,901	492,215
Fund balance end of year	\$ 438,167	375,442	813,609

See accompanying independent auditor's report.

Schedule 3

Oskaloosa Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Interfund Transfers	Balance End of Year
Fund Balance-Reg Not Spent	\$ 1,214	-	-	-	-	1,214
Senior High Drama	7,600	8,337	6,310	-	-	9,627
Debate	2,306	39	2,141	-	-	204
Senior High Vocal Spec Events	3,184	784	854	500	-	3,614
Instrumental	(6,627)	8,596	8,539	-	-	(6,570)
Senior High Band Spec Events	500	-	-	500	-	1,000
Special Girls Track	526	2,307	4,559	2,500	-	774
Senior High Cross Country	3,025	655	-	-	-	3,680
Special Cross Country	708	735	-	-	-	1,443
Bowling	493	1,262	393	1,000	-	2,362
Special Bowling	-	493	553	-	-	(60)
Dance and Drill	4,075	13,304	10,060	-	-	7,319
Boys Basketball	20,134	30,590	27,677	-	-	23,047
Football	35,820	39,159	38,494	(10,000)	-	26,485
Boys Soccer	3,955	3,619	3,768	-	-	3,806
Special Boys Soccer	534	255	119	1,000	-	1,670
Baseball	(1,075)	10,178	12,796	3,000	-	(693)
Boys Track	556	3,475	5,586	2,500	-	945
Boys Tennis	1,325	154	1,003	500	-	976
Special Boys Tennis	(717)	340	-	550	-	173
Boys Golf	(879)	1,427	1,900	3,000	-	1,648
Special Boys Golf	719	2,076	1,774	-	-	1,021
Wrestling	4,083	8,697	10,281	-	-	2,499
Girls Basketball	15,400	14,134	19,498	-	-	10,036
Girls Volleyball	8,625	10,210	10,140	-	-	8,695
Girls Soccer	626	4,833	5,171	3,000	-	3,288
Special Girls Soccer	2,591	230	-	-	-	2,821
Girls Softball	15,326	15,912	15,122	(7,000)	-	9,116
Girls Track	1,109	2,981	2,116	2,500	-	4,474
Girls Tennis	838	-	477	500	-	861
Special Girls Tennis	949	2,227	1,933	-	-	1,243
Girls Golf	1,747	720	2,459	-	-	8
Special Girls Golf	596	290	-	-	-	886
Strength/Conditioning	345	4,362	4,029	-	-	678
Senior High Annual	5,258	9,431	14,994	-	-	(305)
Junior High Activity Tickets	1,985	900	-	(1,800)	-	1,085
Senior High Thespians	277	3,184	3,208	-	-	253
Senior High Pep Club	1,704	1,299	3,561	-	-	(558)
Special Football	7,740	9,591	8,984	-	-	8,347
Senior High Student Council	3,270	29,466	30,721	-	-	2,015
Senior High Business Ed Part	12	-	-	-	-	12
Senior High Special Baseball	422	10,991	9,468	-	-	1,945
Oskaloosa Football Camp	2,158	9,736	9,031	-	-	2,863
Senior High Special Wrestling	8,278	5,531	4,333	-	-	9,476
Pepsi Rebate	4,520	-	-	-	-	4,520
Middle School Orchestra	4,175	1,020	1,392	-	-	3,803
Senior High Athletics	11,294	368	9,038	4,025	-	6,649
Senior High Band Repair Spec Events	(2,804)	-	-	-	-	(2,804)
Senior High Orchestra Repair	4,874	5,607	9,598	925	-	1,808
Senior High FFA	14,147	35,359	23,075	-	(4,326)	22,105
Senior High Forensics	596	-	-	-	-	596
Joe Gray Penmanship Award	341	-	-	-	-	341
Senior High The O	186	391	-	-	-	577
Senior High O Club	24,651	23,802	22,045	-	-	26,408
Sophomore Class	2,590	5	40	-	-	2,555
Junior Class	2,874	-	29	-	-	2,845

Oskaloosa Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Interfund Transfers	Balance End of Year
Senior Class	1,985	372	287	-	-	2,070
Storybook Players	5,041	1,401	1,213	-	-	5,229
Senior High World of Work	(1,043)	575	149	-	-	(617)
Senior High Project Write	965	-	-	-	-	965
Senior High Special Track	2,517	5,718	4,868	-	-	3,367
Senior High Work Program	13	-	-	-	-	13
Business M.O.C.	(914)	-	-	-	-	(914)
Senior High Spec Girls Basketball	2,321	7,487	9,201	-	-	607
Special Softball	10,387	12,919	14,317	-	-	8,989
Senior High Volleyball Camp	4,018	13,690	10,991	-	-	6,717
Senior High Choir Robes	133	-	-	-	-	133
Middle School Spec Activity Fund Raiser	12,532	23,642	22,291	-	-	13,883
Biology Lab	(165)	-	-	-	-	(165)
Chemistry Lab	(412)	-	106	-	-	(518)
S H Welding	(1,414)	-	1,011	-	-	(2,425)
Biology Field Trips	24	-	-	-	-	24
Special Events Change	(438)	2,400	2,650	-	-	(688)
Interest	23,584	1,027	6,794	-	-	17,817
Elementary Band	140	547	1,116	-	-	(429)
Middle School Science	106	-	755	-	-	(649)
Middle School Band Special Event	1,600	1,753	7,297	-	-	(3,944)
Middle School Band Uniforms	1,362	702	28	-	-	2,036
Middle School Annual	193	-	-	-	-	193
Senior High Activity Tickets	4,120	6,175	45	(8,500)	-	1,750
Senior High General Adm	25,892	12,359	29,743	-	-	8,508
Middle School Athletics	9,634	21,117	33,639	1,800	-	(1,088)
Middle School Student Council	7,513	4,519	5,039	-	-	6,993
Middle School Pep Club	2,551	-	-	-	-	2,551
Middle School Vocal Special Events	1,915	910	228	-	-	2,597
Middle School Orchestra Special Events	(679)	1,365	1,206	-	-	(520)
Middle School Special Events Band Repair	110	-	-	-	-	110
Senior High Home Fees	(1,057)	634	-	-	-	(423)
Athletic Adm Senior High	5,161	3,275	2,810	-	-	5,626
Athletic Pop Fund	20,941	11,359	10,281	-	-	22,019
Senior High Snack Machines	6,033	1,996	-	-	-	8,029
Senior High Pop Fund	3,840	6,211	6,081	(500)	-	3,470
Industrial Tech Module	87	-	-	-	-	87
Band Special Fund Raiser	506	-	-	-	-	506
Student Council Sign	184	-	-	-	-	184
Middle School Peer Helpers	883	6,059	6,589	-	-	353
Senior High At Risk	1,115	-	1,115	-	-	-
FFA Vending	3,533	1,837	3,472	-	-	1,898
Freshman Class	2,450	-	-	-	-	2,450
Motivation Comm	288	-	-	-	-	288
Basketball Cheer	125	844	755	-	-	214
Robot Club	100	7,365	4,456	-	-	3,009
Wrestling Cheer	80	507	236	-	-	351
Book Club	297	-	-	-	-	297
Art Club	-	1,060	59	-	-	1,001
Middle School Drama	1,793	1,323	627	-	-	2,489
MS Special Wrestling FB	649	500	-	-	-	1,149
Elementary	28,044	11,260	18,452	-	-	20,852
Math Scholarship	105	-	-	-	-	105
Middle School Life Skills MD Special Olympics	929	-	-	-	-	929
HS Life Skills	61	-	-	-	-	61
Life Skills MD Secondary	240	-	-	-	-	240
MS Special Supplies	1,112	29	-	-	-	1,141
MS Student Wellness	454	2,385	729	-	-	2,110

Schedule 3

Oskaloosa Community School District
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Interfund Transfers	Balance End of Year
Middle School General Adm	8,093	4,785	9,454	-	-	3,424
Middle School At Risk Fund Raiser	(122)	-	104	-	-	(226)
Senior High Special Education	(1,079)	-	-	-	-	(1,079)
Dropout Prevention/Oasis Fund	125	-	-	-	-	125
Fitness/Cardio Room	25,804	250	26,054	-	-	-
Swimming	(416)	-	-	-	-	(416)
Academic Decathlon	(207)	-	-	-	-	(207)
MS Orchestra Special Trips	-	133	168	-	-	(35)
	<u>\$ 451,901</u>	<u>519,552</u>	<u>591,685</u>	<u>-</u>	<u>(4,326)</u>	<u>375,442</u>

See accompanying independent auditor's report.

Schedule 4

Oskaloosa Community School District
Combining Balance Sheet
Capital Project Accounts
June 30, 2013

		Capital Projects		
		Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets				
Cash and pooled investments		\$ 2,185,088	213,586	2,398,674
Receivables:				
Property tax:				
Current year delinquent		-	4,987	4,987
Succeeding year		-	587,460	587,460
Due from other governments		678,404	-	678,404
Total assets		\$ 2,863,492	806,033	3,669,525
Liabilities and Fund Balances				
Liabilities:				
Accounts payable		\$ 439,694	-	439,694
Due to other funds		-	156,885	156,885
Deferred revenue:				
Succeeding year property tax		-	587,460	587,460
Total liabilities		439,694	744,345	1,184,039
Fund balances:				
Restricted for:				
Debt service		524,000	-	524,000
School infrastructure		1,899,798	-	1,899,798
Physical plant and equipment		-	61,688	61,688
Total fund balances		2,423,798	61,688	2,485,486
Total liabilities and fund balances		\$ 2,863,492	806,033	3,669,525

See accompanying independent auditor's report.

Schedule 5

Oskaloosa Community School District**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances****Capital Project Accounts****Year ended June 30, 2013**

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 2,152,820	566,624	2,719,444
Other	5,107	1,369	6,476
State sources	-	316	316
Federal sources	-	10,222	10,222
Total revenues	2,157,927	578,531	2,736,458
Expenditures:			
Current:			
Support Services:			
Instructional staff	103,738	-	103,738
Administration	2,750	600	3,350
Transportation	142,116	23,000	165,116
Other expenditures:			
Facilities acquisition	246,672	173,886	420,558
Total expenditures	495,276	197,486	692,762
Excess (deficiency) of revenues over (under) expenditures	1,662,651	381,045	2,043,696
Other financing sources (uses):			
Proceeds from sale of real property	-	20,000	20,000
Operating transfers in	-	4,326	4,326
Operating transfers out	(1,384,000)	(377,106)	(1,761,106)
Total other financing sources (uses)	(1,384,000)	(352,780)	(1,736,780)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	278,651	28,265	306,916
Fund balances beginning of year	2,145,147	33,423	2,178,570
Fund balances end of year	\$ 2,423,798	61,688	2,485,486

See accompanying independent auditor's report.

Schedule 6

Oskaloosa Community School District
Combining Statement of Net Position
Proprietary Funds
June 30, 2013

	Student Construction	School Nutrition	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ -	16,868	16,868
Inventories	2,800	10,398	13,198
Capital assets, net of depreciation	-	145,751	145,751
Total assets	\$ 2,800	173,017	175,817
Liabilities			
Current liabilities:			
Accounts payable	\$ 39,203	271	39,474
Salaries and benefits payable	-	80,640	80,640
Due to other funds	135,294	-	135,294
Total current liabilities	174,497	80,911	255,408
Noncurrent liabilities:			
Net OPEB liability	-	23,117	23,117
Total liabilities	174,497	104,028	278,525
Net Position			
Invested in capital assets, net of related debt	-	145,751	145,751
Unrestricted	(171,697)	(76,762)	(248,459)
Total Net Position	\$ (171,697)	68,989	(102,708)

See accompanying independent auditor's report.

Schedule 7

Oskaloosa Community School District
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2013

	Student Construction	School Nutrition	Total
Operating revenue:			
Local sources:			
Other local sources:			
Sale of lunches and breakfasts	\$ -	451,628	451,628
Sale of services	165,000	-	165,000
Total operating revenue	165,000	451,628	616,628
Operating expenses:			
Instructional programs:			
Regular	190,930	-	190,930
Support services:			
Administration	667	-	667
Operation and maintenance of plant	3,893	-	3,893
	195,490	-	195,490
Non-instructional programs:			
Food services operations:			
Salaries	-	344,028	344,028
Benefits	-	153,902	153,902
Purchased services	-	971	971
Supplies	-	723,046	723,046
Depreciation	-	27,066	27,066
	-	1,249,013	1,249,013
Total operating expenses	195,490	1,249,013	1,444,503
Operating gain (loss)	(30,490)	(797,385)	(827,875)
Non-operating revenue:			
Local sources	-	108	108
State sources	-	10,125	10,125
Federal sources	-	684,372	684,372
Total non-operating revenue	-	694,605	694,605
Changes in Net Position	(30,490)	(102,780)	(133,270)
Net Position beginning of year, as restated	(141,207)	171,769	30,562
Net Position end of year	\$ (171,697)	68,989	(102,708)

See accompanying independent auditor's report.

Schedule 8

Oskaloosa Community School District
Combining Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2013

	Student Construction	School Nutrition	Total
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ -	446,135	446,135
Cash received from miscellaneous operating activities	165,000	-	165,000
Cash payments to employees for services	-	(476,735)	(476,735)
Cash payments to suppliers for goods or services	(174,336)	(661,150)	(835,486)
Net cash provided (used) by operating activities	(9,336)	(691,750)	(701,086)
Cash flows from non-capital financing activities:			
State grants received	-	10,125	10,125
Federal grants received	-	615,097	615,097
Net cash provided (used) by non-capital financing activities	-	625,222	625,222
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(43,712)	(43,712)
Cash flows from investing activities:			
Interfund loan	9,336	51,418	60,754
Interest on investments	-	108	108
Net cash provided (used) by investing activities	9,336	51,526	60,862
Net increase (decrease) in cash and cash equivalents	-	(58,714)	(58,714)
Cash and cash equivalents at beginning of year	-	75,582	75,582
Cash and cash equivalents at end of year	\$ -	16,868	16,868
Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:			
Operating gain (loss)	\$ (30,490)	(797,385)	(827,875)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:			
Commodities used	-	69,275	69,275
Depreciation	-	27,066	27,066
(Increase) in inventories	-	(1,949)	(1,949)
Decrease in accounts receivable	-	152	152
Increase (decrease) in accounts payable	21,154	(4,459)	16,695
Increase in salaries and benefits payable	-	15,331	15,331
(Decrease) in deferred revenue	-	(5,645)	(5,645)
Increase in other post-employment benefits	-	5,864	5,864
Net cash provided (used) by operating activities	\$ (9,336)	(691,750)	(701,086)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2013, the District received \$69,275 of federal commodities.

See accompanying independent auditor's report.

Oskaloosa Community School District
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 11,232,749	11,424,163	12,178,226	11,257,608	10,853,152	10,473,002	9,717,780	10,112,437	10,042,855	9,465,204
Tuition	403,849	411,532	455,341	367,093	464,849	430,670	370,602	299,511	326,404	444,713
Other	988,553	1,149,205	1,318,305	991,521	1,281,207	1,333,958	1,333,909	1,748,735	1,130,049	1,041,230
Intermediate sources		-	-	-	-	-	-	-	-	-
State sources	13,918,723	13,974,218	13,419,220	11,402,099	12,724,222	12,570,040	11,330,164	10,877,949	10,495,514	10,315,329
Federal sources	955,682	1,278,475	1,520,040	2,167,416	923,057	676,239	721,238	828,890	861,630	925,182
Total	\$ 27,499,556	28,237,593	28,891,132	26,185,737	26,246,487	25,483,909	23,473,693	23,867,522	22,856,452	22,191,658
Expenditures:										
Instruction:										
Regular	\$ 9,312,713	11,401,282	10,961,840	8,903,708	11,152,143	10,384,722	9,868,246	8,628,916	8,383,117	8,208,263
Special	3,260,109	3,275,577	3,563,746	2,997,637	3,406,674	3,388,218	3,020,880	2,563,071	2,565,959	2,493,156
Other	3,164,858	2,267,344	959,376	3,068,217	940,267	940,488	1,124,062	2,042,558	1,466,170	1,554,908
Support services:										
Student	893,712	845,203	994,417	968,129	724,780	1,066,298	1,054,735	1,057,412	969,415	950,767
Instructional staff	1,164,817	1,017,821	910,597	708,946	638,459	1,665,423	709,316	705,920	766,037	450,061
Administration	2,083,234	2,218,080	2,151,082	2,322,729	1,920,698	2,045,547	1,884,408	1,928,898	1,589,518	1,454,979
Operation and maintenance of plant	2,687,480	2,660,588	2,656,109	2,359,739	2,315,972	2,390,151	2,357,837	2,398,119	1,900,009	1,720,436
Transportation	1,154,055	1,062,812	1,101,265	1,222,923	1,108,991	862,566	866,161	873,562	658,792	566,650
Central support			-	-	-	-	-	-	-	125,895
Non-instructional programs	1,600	-	-	-	-	-	-	-	-	-
Other expenditures:										
Facilities acquisition	420,558	197,786	318,681	227,063	320,261	365,915	183,391	1,371,806	6,316,892	14,323,925
Long-term debt:										
Principal	1,631,068	2,784,182	8,974,842	4,920,000	3,955,112	5,295,000	1,795,000	1,615,000	1,315,000	670,000
Interest and other charges	130,038	170,783	433,766	522,988	741,553	775,626	795,514	925,121	854,809	611,723
AEA flowthrough	907,800	893,027	984,199	954,301	857,815	808,080	751,761	709,649	694,480	703,926
Total	\$ 26,812,042	28,794,485	34,009,920	29,176,380	28,082,725	29,988,034	24,411,311	24,820,032	27,480,198	33,834,689

See accompanying independent auditor's report.

Schedule 10

Oskaloosa Community School District
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 13	\$ 112,216
National School Lunch Program	10.555	FY 13	571,715
			<u>683,931</u>
Team Nutrition Grant	10.574	FY 13	<u>442</u>
U.S. Department of Energy:			
Iowa Economic Development Authority:			
State Energy Program	81.041	FY 13	<u>10,221</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 13	<u>489,748</u>
Special Education - Grants to States	84.027	FY 13	<u>2,524</u>
Career and Technical Education - Basic Grants to States	84.048	FY 13	<u>32,563</u>
Improving Teacher Quality State Grants	84.367	FY 13	<u>102,468</u>
Grants for State Assessments and Related Activities	84.369	FY 13	<u>15,230</u>
Area Education Agency (GPAEA):			
Special Education - Grants to States	84.027	FY 13	<u>131,357</u>
Total			<u>\$ 1,468,484</u>

See Notes to Schedule of Expenditures of Federal Awards.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Oskaloosa Community School District for the year ended June 30, 2013. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

For governmental funds, in accordance with the modified accrual basis of accounting, revenue from federal grants is recognized when they become both measureable and available. For proprietary funds, in accordance with the accrued basis of accounting, revenues from federal grants are recognized in the period they are earned. Expenditures of federal awards are recognized in the accounting period when the liability is incurred.

Note 3. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (commodities) received during the year in the amount of \$69,275 related to USDA Commodities grants provided by the U.S. Department of Agriculture passed through the Iowa Department of Education, CFDA No. 10.555.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education of
Oskaloosa Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oskaloosa Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oskaloosa Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

January 3, 2014



**Independent Auditor's Report on Compliance for Each Major Federal Program,
on Internal Control over Compliance and on the Schedule of Expenditures
of Federal Awards Required by OMB Circular A-133**

To the Board of Education of Oskaloosa Community School District:

Report on Compliance for Each Major Federal Program

We have audited Oskaloosa Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Oskaloosa Community School District's major federal programs for the year ended June 30, 2013. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oskaloosa Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Oskaloosa Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Oskaloosa Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oskaloosa Community School District's internal control over compliance with type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of

expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Van Maanen, Sietstra & Meyer, PC

Van Maanen, Sietstra & Meyer, PC
Certified Public Accountants

January 3, 2014

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) Oskaloosa Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

No matters were noted.

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013, did not exceed the amended certified budget amounts.
- IV-B-13 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-13 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-13 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-13 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-13 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-13 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
- IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-13 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-13 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-13 Deficit Balances - The Enterprise Fund-Student Construction had a deficit balance as of June 30, 2013. The Special Revenue Fund-Student Activity had several individual account deficit balances as of June 30, 2013.
- Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.
- Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.
- Conclusion - Response accepted.
- IV-L-13 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

Oskaloosa Community School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

IV-M-13 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	2,145,147
Revenues/transfers in:			
Sales tax revenues	\$	2,152,820	
Other local revenues		5,107	2,157,927
			<u>4,303,074</u>
Expenditures/transfers out:			
Support services		248,604	
Facilities acquisition		246,672	
Transfers to other funds:			
Debt service funds		1,384,000	1,879,276
			<u>1,879,276</u>
Ending balance		\$	<u><u>2,423,798</u></u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.